



# Cities, counties hit pause button on bitcoin projects

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A cryptocurrency operation housed in a cargo container was installed in East Wenatchee last month near the 1000 block of Valley Mall Parkway. The city on Tuesday banned cargo containers for most uses until it OKs design guidelines.

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WENATCHEE — Squeezed by unexpected demands of bitcoin mining, city and county governments in Chelan and Douglas counties are slowing the influx of digital currency startups in order to step back, take a breath and weigh the industry’s effects.

Local leaders have put in place moratoriums or temporary zoning controls to allow city codes, zoning laws and power infrastructure to catch up with a cryptocurrency technology that’s hungry for the region’s cheap hydropower.



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WENATCHEE — City Council on Thursday imposed a one-year ban on cryptocurrency mining in residential and mixed-use zones, citing safety concerns and potential strains on the electrical grid.

City councils in Leavenworth and East Wenatchee unanimously approved crypto zoning controls Tuesday night. In February, the city of Chelan approved a six-month moratorium on bitcoin mining projects and, more recently, Wenatchee OK'd a 12-month moratorium.

Both Chelan and Douglas county commissioners are expected to address crypto issues and possible controls at their regular meetings next week.

Concerns include:

**Safety:** Fire hazards and other issues from big electric loads running through lightweight household wiring.

**Zoning:** Commercial computing installations in residential neighborhoods.

**Aesthetics:** Cargo containers full of crypto servers becoming weather-beaten eyesores along commercial and industrial roadways.

**Noise:** Heat-dispersal fans whirring at high speeds to disrupt quiet neighborhoods.

**Power rates:** If fulfilled, electric demands from bitcoin operations could affect the low cost of power in Chelan and Douglas counties.

Municipal restrictions and those being considered by Chelan and Douglas counties follow moratoriums at the two counties' PUDs, where managers have warned that high-load power requests from dozens of bitcoin miners threaten to soak up surplus hydropower sold to help keep local rates low.

In recent weeks, Chelan PUD officials visited with city councils and county commissioners to give details of their growing concerns for safety and crypto power consumption, said Andy Wendell, the Chelan PUD's director of customer service.

"What we learned from the PUD," said Leavenworth Mayor Cheri Farivar, "is that these moratoriums and controls are needed to put the brakes on cryptocurrency until the PUDs, cities and counties figure out how to handle this new technology. If we're not careful, these operations could hurt our power grid."

Farivar also pointed out that PUD and city officials have been in discussions for two years about building a new substation to provide power for a growing Leavenworth. "We're already at near-capacity with our current substation," she said. "We're already wanting for power here, so issues around cryptocurrency definitely need to be addressed."

East Wenatchee's new interim zoning controls will restrict crypto operations to the city's central business district — along Grant Road and Valley Mall Parkway — and a light industrial zone called "general commercial" along some peripheral business streets.

Lori Barnett, the city of East Wenatchee's community development director, also added to the interim controls a prohibition of cargo and shipping containers for any commercial operation except as tool storage units on construction sites. "They're out," she said, "at least until we come up with some design guidelines that can work for everyone."

In Chelan County, planning staff on Tuesday encouraged commissioners to place a six-month moratorium on allowing cryptocurrency mining in residential zones.

"You're going to have high-voltage lines running into homes, sometimes enough to run a whole neighborhood," assistant planning director Mike Wojtowicz told commissioners. "... I think you probably want to take a half a step back and examine the issues."

County Senior Planner Lilith Vespier said imposing a temporary moratorium or zoning controls would give Chelan County time to get on the same page with other municipalities and agencies.

"The mining and the power levels are also related to our long term growth — how much power does the PUD have to meet our population projections, and meet those needs for future housing?" she said.

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At the Chelan County PUD, Wendell said, “What this amounts to is a new type of commerce coming into our area. We have to figure out the path that will take us to a win-win outcome for everyone involved. I think we all agree, it’s a challenge.”

*World reporter Jefferson Robbins contributed to this story.*

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